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Elliott, Howard

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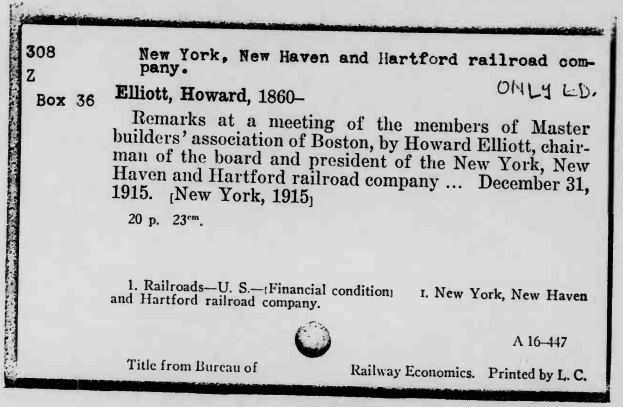

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New York, New Haven and Hartford railroad company.

Elliott, Howard, 1860–

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Box 36

REMARKS

at a Meeting of the

Members of

Master Builders' Association of Boston

by

HOWARD ELLIOTT

Chairman of the Board and President

of

THE NEW YORK, NEW HAVEN AND HARTFORD
RAILROAD COMPANY.

166 DEVONSHIRE STREET, BOSTON, MASS.
DECEMBER 31, 1915.

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Mr. Wason, Mr. President and members of the Master Builders' Association: As your president said, he selected a title for my remarks this morning, and he picked out a rather large one. I am, however, very glad to bring what little I can to a group of men like you, because your problems, in many ways, are the same as those confronting the railways.

In this title your president spoke of the "RIGHTS OF THE RAILWAYS." A better expression, perhaps, would be, "The Transportation Problems and the Necessities of the People," because the necessities of the people, if they are to be met, mean that the rights of the railways will be granted.

In the abstract, nearly all believe in having good railways, well equipped and adequate, because without them modern complex life cannot go on; and I will touch briefly upon the total railway industry in the United States as of to-day.

Millions Interested in the Railways. There are 1,800,000 men, approximately, employed in the railway service, and if you allow five persons to be depending upon them that would mean 9,000,000. There are at least 1,000,000 workers in industrial plants directly dependent upon railway operation—such as coal mines, rail mills, car shops and so on. They represent another 5,000,000 people. There are probably a million and a half owners of the securities of these American railways. In that case you can put four for one, which would mean 6,000,000 people. Thus you have 20,000,000 people out of our total population of 100,000,000 who depend very largely for their daily bread and butter upon having this great piece of transportation machinery work satisfactorily. But there are a great many others than those who personally hold the securities who are interested; for the insurance companies have $1,500,000,000 invested in railway securities, representing 30,000,000 policy holders; the savings banks of the country have $800,000,000 invested in railway securities, and there are about 11,000,000 depositors in these savings banks. So, there are 41,000,000 additional people who are vitally interested, as holders of insurance or depositors in savings banks, in the success of this great piece of machinery.

When, therefore, you speak of the rights of the railways, you really are speaking of the rights of at least 61,000,000—the 20,000,000 I mentioned, that are personally interested, because they work for the railways, or some collateral branch of the industry; and those who own the securities, together with the 41,000,000 interested in the investments of insurance companies and savings banks. It is well to remember this fact in considering this very difficult transportation problem, because they are as much interested as you, and all connected with it, and unless all work together there cannot be success.

Now, let me tell you a few things about the New Haven Railroad, which, perhaps, would not ordinarily come to your attention. You are all busy men and have your own burdens, which, I well know, are very troublesome at times. The man who uses the railway and does not stop to think, sees the trains running smoothly and perhaps he does not quite realize the magnitude of the work that is necessary to perfect the system.

In the rails of the New Haven Railroad there are 600,000 tons of steel. That is 70,000 tons more than in all the battleships owned by the United States, and it would make eight bridges as large as the Queensborough Bridge in New York. If you put those rails end to end they would stretch out about 10,000 miles, and they are supported by 14,000,000 ties, which, if placed end to end, would reach 21,000 miles. We have 2,223 bridges, 31 miles in all; 8,000 miles of wires; 37,000 freight cars, 2,500 passenger cars and 1,300 locomotives. That machinery, taking last year as a guide, moves freight cars—that is, when there is no congestion such as we have had recently and which was occasioned mostly by storms—28,000 miles every hour, the passenger cars move 10,000 miles an hour, and the locomotives 3,700 miles an hour; and with this great piece of machinery and this equipment we are serving, in round figures, over 500,000 people a day—your friends, your families and your associates. This is a very difficult physical task even under the best weather conditions, not to speak of labor conditions and other elements that enter into the production of what we sell, namely, transportation; and the same elements enter into what you sell.

New Haven's Finances.

I want to touch briefly also upon the financial condition of the New Haven. For reasons that need not be now discussed—because they have been exploited in the daily press and before various tribunals, during the last three years—the financial condition of the New Haven is exceedingly difficult. To-day the Company has a floating debt of $50,000,000. Some of this debt matures in January, some of it on May 1 next and the remainder in May, 1917. For reasons also that need not be further discussed, the Company, in order to avoid an utter collapse, submitted to a settlement with the Department of Justice under which, by order of the Federal Courts, it must sell within certain periods, $133,815,083 book value of its assets, or 28 per cent. book value of its entire property. So, the owners and the management are confronted with a very difficult situation. They are trying to carry on this great piece of machinery and to serve the people of southern New England, with these two financial obstacles confronting them—to divest themselves at a minimum loss of $133,815,083 of book value of property, and to meet that debt of $50,000,000.

This great railway, in common with all other railways, has been oppressed during the last ten years, as you have been, by many burdens in the shape of too many laws and too many regulatory measures. No doubt some of these measures were conceived in an honest purpose, in order to better conditions, but as a fact and in effect, they have worked just the other way. You have, I know, as builders, experienced this almost as seriously as we of the railways. It is a curious phase of human life that many of these laws have been enacted without sufficient consultation with men of experience, and lacking this, unwise laws and hampering and restrictive measures have been adopted. When we are physically ill we get the best doctor we can afford. If we are to build a bridge we try to get the best engineer. If we are to develop an electrical scheme we try to get the best electrician; and, yet, it is, I say, a curious fact that in this delicate and intricate subject of regulatory measures affecting your business, the railway business and many other forms of business, the tendency has been to ignore those experienced in the work and who have devoted their lives to it. And there

has been, as you well know, a plethora of this sort of legislation.

Mass of Legislation. You probably know of Mr. James A. Emery. He made a very good address at the National Efficiency Congress last June, showing that from 1909 to 1915 the states enacted 60,001 and Congress enacted 2,013 new laws which involve the consideration of more than one-half million legislative propositions, or an annual production of over 12,000 new laws to be assimilated by the business world. The Sixty-Third Congress alone considered 30,053 bills, and enacted 700.

Mr. Emery goes on to say that the measures enacted by the state and national bodies are estimated to cover 43,500 printed pages and to include over 151,000 titles and sub-titles; and the legislation covered a very wide range. Affecting the railways alone in the years 1912, 1913, 1914 and 1915 there were 16 titles and 60 sub-titles of legislation and 3,016 bills were introduced into the legislatures and 442 became laws. In 1913, only two years ago, 1,395 bills were proposed in the state legislatures. In 1915 the agitation subsided somewhat and only 1,093 bills were introduced.

In the mass of legislation passed were laws governing arbitration, train rules, equipment, passenger and freight trains, cars, signals, clearances, proper crossings, maintenance of tracks, stations, claims, trespassers, the character of reports to be made, beneficial associations, and countless measures affecting the general conduct of the railway business. Most of these laws were regulatory in character and imposed greater burdens upon the daily operation of the railway, added to expenses, and, to a certain extent, reduced sufficiency of output.

Extreme Law—Extreme Injustice. Artistotle, long ago, in an effort to find the just medium, to avoid excess, said: "Not too much, not too little." Cicero, in his time, declared that extreme law is extreme injustice. From a brilliant paper on "Over-Legislation," by Herbert Spencer, it can be deduced to the satisfaction of reasonable men that "over-legislation" has been the curse of nations, the cause of their downfall; it

has interfered with liberty and human progress for as many years as we have records and sustains the common-sense saying, "Keep your hands off, let me work; protect, encourage, but do not interfere." Going still further Spencer quoted with approval a saying, "Wherever there is government there is villainy." I think that is a pretty strong statement and yet at the same time Spencer subscribed to the statement "Wherever there is no government there is anarchy." So, we must have a safe middle course.

John Norton Pomeroy, who occupied the Law Chair in New York University and was a frequent contributor to *The Nation,* the *North American Review* and the *American Law Review,* asserted that experience is the best of legislators. Mr. Pomeroy had great admiration for William Murray, later Lord Mansfield of England, who was largely responsible for what is known to-day as the Common Law of England. Mr. Pomeroy, speaking of the time when Lord Mansfield was elevated to the bench, recalls that Lord Mansfield took the ground:

> " 'These merchants of ours are good men—honest, honorable, great men—the best in the kingdom. They have carried our commerce over all the world and have made us famous as a trading nation. They have added to our national riches more than have all our lords and nobles combined. Their laws and customs must be just and reasonable, else they could not have won the friendship of those with whom they deal; nor would they themselves have acquiesced in them so long and with so little friction. If Common Law is only another name for common sense and the perfection of reason, then every custom of these merchants must find its analogue, its warrant, and its protection in the law of the realm. It shall be my mission to articulate this Law Merchant with the body of the law, or to destroy it utterly, if found to conflict with fair and honorable dealings.'
>
> "Wherefore Justice Mansfield began to consort with merchants, visiting their Guilds, summoning them on special juries, everywhere probing into their business habits, their course of dealing and their reasons for their peculiar customs, which seemed to

be common to all nations; with the result that there emerged from the courts a new law maxim: *'Lex Mercatoria est lex terrae'*—the Law Merchant is the law of the land. That is to say, the Common Law adopted mercantile ethics as the standard of right and justice and the measure of legality. There was the rattling of dry judicial bones, the assaults of scholasticism; but the maxim persisted and is part of the Common Law to-day. For Mansfield was a rare genius like our own John Marshall, which means that he was gifted with common sense—apparently the most uncommon gift in the bestowal of the Almighty."

Even more recently, Justice Hughes, when he was Governor of New York said:

> "It is the function of law to define and punish wrongdoing, and not to throttle business. In the field of industrial activity the need is that trade should be fair, that unjust discrimination and illegal allowances giving preferential access to markets should be prevented; that coercive combinations and improper practices to stifle competition should be dealt with regardless of individuals; but that honest industry obtaining success upon its merits, denying no just opportunity to its competitors, should not be put under prohibitions which mingle the innocent and the guilty in a common condemnation."

I have touched upon this great plethora of laws, because it brings me to my next point, which is, that one result of all this law-making, conceived, as I say, in perhaps an honest effort to correct abuses incident to all affairs conducted by human beings, has been to check progress, to make it more and more difficult to do business, whether it is in your line or in the railway line. It has brought about a condition on the transportation lines of the whole United States, and particularly on those east of the Alleghany Mountains, where these railways, wonderful as they are, are unable to meet the great requirements of business at the present time; and to-day it is a great menace to all business that the railway facili-

ties of the United States are so overburdened that your business, and the business of others, cannot go on and expand until, by some means, the railways are able to add to their facilities.

Billions Spent by the Railways.

The railways have spent a great deal of money, including this New Haven road, of which your president spoke, and whose condition I am trying to do what I can to improve. From 1903 to 1914 the volume of service rendered by the New Haven road to the people of New England increased 40 per cent.—a little over 40 per cent., and millions of dollars were put into the plant to meet that increased business, and millions, even billions of dollars have been poured into the railways of the United States in the last ten years to bring them up to their present standard of efficiency.

For example, in the ten years between 1905 and 1914, the increase in the efficiency of the American railways might be measured by the locomotives. In 1905 there were 48,357 locomotives in the United States, and in 1914, 64,760. In 1905 there were 1,731,499 freight cars, and in 1914, 2,325,647, and the carrying capacity of those cars was increased from 53,255,083 tons to 90,977,098 tons.

Here are some figures showing the number of new freight cars ordered: From 1904 to 1913, 1,847,742 freight cars were ordered by the railways of the United States, Canada and Mexico, an average of 184,774 a year. In the year 1914, however, only 80,264 were ordered, less than one-half of the average.

The total number of passenger cars ordered for the same railways during the same ten years was 29,853, or a yearly average of 2,985. In 1914 only 2,002 were ordered. The total number of engines ordered from 1904 to 1913 was 37,078, or a yearly average of 3,708, while the number ordered in 1914 was but 1,265. The railways were not able to get the money or the credit to do more than they did, and I think, without having the figures before me, that 1915 was probably less than 1914.

Now, while cars and engines are vital to the situation they are of no actual use unless we can move them. You must have tracks and terminals in order to keep them going and to move your business.

In the ten years from 1904 to 1913 there were 39,273 miles of new railway constructed or an average of 3,927 miles per year. In 1914 the total mileage constructed was 1,532, or 2,395 miles less than the 10-year average. There is the same discrepancy with terminals and with many appliances that go to expedite business.

The railways, therefore, have not been neglectful; they have been doing the best they could to continuously add to their facilities. The volume of business, however, has suddenly increased. This has been due to various causes, one being that the country for several years, as you know, rested rather quietly and everything was pretty slack. Suddenly the country started up to do business; the European war brought a new element into this eastern country, and many factories became very active. And to-day on the New Haven road, because of this very large increase of business—it is on a higher level than ever before in its history—there is a serious condition of affairs due to congestion of many of the rail carriers with which we do business, to recent ice-blizzard storms, and to the scarcity of steamers and other water carriers.

Rush of Business. Let me show you how our business has jumped by giving you the figures for the first eight days of several months. I took those days because they were before the severe storm that crippled us on December 13. We had newly loaded cars—that is, cars loaded on the New Haven road or loaded cars received from our connections in those eight days in August amounting to 40,824, in September 42,484, in October 47,361, in November 47,766 and in December 50,677. That is the largest volume of business ever done in any one week on the New Haven Railroad, and is 13,000 more cars than in December 1914, and 6,500 more cars than in December, 1913, when the business depression had not really set in. These and the other matters I have mentioned—storms and congestion—have made a severe tie-up on this railway. We have to-day over 46,000 cars on our rails, which are 8,000 more than we had a year ago and 12,000 more than we had in December, 1913. Over 14,000 of these cars are waiting to be unloaded into our freight houses, or by you into your warehouses, and the owners of the freight are having

their troubles because they are not releasing those cars as rapidly as they should. We have waiting for us to come into New England from our connecting lines at New York, Harlem, Poughkeepsie Bridge and Northampton, here in Boston and elsewhere, over 8,000 car loads, which will come in as soon as we can take them. It is a very difficult and a very serious situation.

To show you what a big business we are doing, I have compared these figures with those of the Chicago, Burlington & Quincy, a railway developed by New England brains and capital, one of the great railways of the west, where I spent twenty-five years of my life. The Chicago, Burlington & Quincy has 12,869 miles of trackage on its main lines, yards, etc., and the New Haven has but 4,535 miles of trackage. The Burlington, as you know, runs from Chicago to Denver and from St. Louis out into Montana, and is doing part of its business in ten prosperous states, while the New Haven is doing business in only four states. Yet, in those eight days when the New Haven had 50,677 new loads, the great Burlington Railroad had but 48,230. You can thus readily see what a great burden we on the New Haven are trying to carry, and how necessary it is for us to have every assistance in order to confront satisfactorily this difficult situation.

Inadequate Facilities. The present inadequacy of railway facilities is due, in part, to the ten and even more years we have had of constant legislation and inspection—even persecution at times—and this policy has prevented the railways from increasing their facilities. The increased facilities are necessary if the United States and if New England are to be able to do a constantly greater volume of business year after year; for, the railway should be always a little ahead of the demands of the public upon it, and to-day it is really behind and not even abreast.

New England's Crying Necessities. There is a crying necessity here in Boston and in Providence and nearly everywhere in this busy New England for more side tracks, for more running tracks, for better freight houses, for better yards and for better facil-

ities to promptly handle and discharge freight and for the more expeditious despatch and handling of passenger trains. But you know, as builders, how difficult it is to create new facilities, and how much money they require. Roughly speaking, in the transportation business, for every increase in facilities that increases your capacity, say $1, you must put in from $4 to $10 of fixed capital. Down in this eastern country where land is expensive and construction difficult, it is probably nearer $10 for each $1 than the $4 required in the prairie country of the West. It takes enormous sums of money to add to the facilities to help our business.

We sometimes speak of Europe and compare the efficiency of their railways with ours; and doubtless they do some things better than we do. But it is a fact that the American railways, taken as a whole, produce more service per mile for the American people than the European railways. We furnish service at a lower rate to the American people than the European railways. Our railways pay very much higher wages than the European railways; and, it is stated on good authority, in only one country in the world—India—do the railways haul freight as cheaply as those in the United States. It is also stated on the same high authority that the wages of the employees in the United States are higher than in any other country except in western Australia. And the total amount of capitalization put into this great piece of American railway machinery is exceeded by every one of the principal countries of the world; that is, we have created for the use of the American people this machinery at a lower price in the way of fixed capital than any other country in the world.

What Commissioner Clark says.

Mr. E. E. Clark, for many years, was a railway conductor in the West. He was a very high grade man, and was finally put upon the Interstate Commerce Commission where he could study this great railway problem from another point of view. He has been Chairman of the Commission and has made a most excellent Commissioner. He said, not long ago:

"I have traveled some upon the railroads of Europe. They have some roads which, for those countries and for the services demanded from them, are excellent, well-equipped transportation agencies, which perform an acceptable service. They would not, however, be able to meet the demands in our country. Taking into consideration circumstances and conditions, I think that we have the best railroad service in the world. There are many improvements that might be made, and some that ought to be made, but in general it is good and efficient.

"The latest figures available show that the charge for the transportation of freight is much lower per ton-mile in the United States than it is in other countries. Glancing over comparative figures for recent years we find that the ton-mile revenue in various countries is: United Kingdom of Great Britain, 2.39 cents; Germany 1.37 cents; France 1.3 cents; Austria 1.45 cents; Norway 1.6 cents; Belgium 1.14 cents; Switzerland 2.92 cents; New South Wales 1.76 cents; and South Australia 1.94 cents, while for the United States it was in 1913 7.29 mills.

"These figures, however, do not tell all the story. Referring to other figures we find that the railroads of the United States move 2,737 tons of freight one mile per capita per annum, while in Germany, where the movement by rail is heavier than in other European countries, the railroads move only 582 tons one mile per capita per annum.

"The railroads of Europe are capitalized much more heavily than are those of the United States. They are much more completely equipped with signal and other safety devices than are our roads, and generally their roadbed and stations are more expensively constructed and with a view to more permanency.

"In many of those countries the railroads are largely or wholly owned and operated by the governments. But on the whole, such ownership and operation has not proven entirely satisfactory, and it certainly has not afforded the people cheaper transportation than could have been furnished under private ownership, properly regulated."

I come now to another point in which you are vitally interested, just as are we; it is the question that is generally discussed under the head of labor. In order to produce the service that you want on the railway, and, in order for you, as builders, to fulfil your contracts, you and we have to employ many, many thousands of good men, and we are all in sympathy with everything reasonable to make their work better and safer.

Lincoln on Labor.

Mr. Lincoln was as great, as human and as sympathetic a man, I suppose, as any man in the high public life of the United States. He said, on March 21, 1864, something that has always appealed to me. When a committee of working men called upon him, he said:

> "No man living is more worthy to be trusted than those who toil up from poverty—none less inclined to take or touch aught which they have not honestly earned.
>
> "The most notable feature of a disturbance in your city last summer was the hanging of some working people by other working people. It should never be so. The strongest bond of human sympathy, outside of the family relation, should be one uniting all working people of all nations and tongues and kindreds.
>
> "Nor should this lead to a war upon property or the owners of property. Property is the fruit of labor, property is desirable, is a positive good to the world. That some should be rich, shows that others may become rich, and hence, is just encouragement to industry and enterprise. Let not him who is houseless pull down the house of another, but let him labor diligently and build one for himself, thus by example assuring that his own shall be safe from violence when built."

Menace to Prosperity.

Now, I think there is a great deal of human nature and common sense in President Lincoln's remarks. In dealing with this complicated labor question, without a correct solution of which we cannot work out the industrial problems of the country, those of us who represent what are called, perhaps, the employers, and those who represent, on the other hand, the employees, must get together, and the leaders of the great labor organizations should take heed, just as the leaders of the great capital organizations took heed, that they cannot go too far. If they do, the country will revolt, just as it did revolt against some of the unwise practices in making combinations of capital, which, perhaps, were not fair, and corrective measures were applied; and if these leaders of labor use their great powers unwisely there will be a revolt, because the world must go on, we must do our work, and we must all do it fairly, no matter what our position in the world may be. There is to-day a movement under discussion which may have a vital influence on this railway business, and, if so, on your business. There is a report to the effect that the four great railway brotherhoods, with a membership of over 350,000, are preparing to make, about March 1, a concerted demand for an eight-hour day with the same pay as that now given for ten hours. No one of us objects to giving the shortest possible hours to any working man if the work of the United States can go on. I guess everyone of us here would like to work less. But what would this eight-hour day mean in the productive capacity of the United States? And what would it mean as an added burden to this great transportation machine which is already overloaded? Take, for example, 100,000 men instead of 350,000. They are now working 10 hours a day. It means 1,000,000 hours a day or 313,000,000 hours a year, not counting Sundays. If, however, it should be finally decided that they should work only eight hours, you would have 800,000 hours a day or 250,400,000 hours a year, a shortage of 62,600,000 hours a year, which, at eight hours a day, would take 25,000 additional men to do the same work, and put that much more of a burden upon the railway systems of the country. In addition it would take that much more effective man-ability out of other occupations.

If we are to put this New Haven Railroad and the railways of the United States on a sound basis so that they can do their work, it is quite essential that we think seriously of this matter. The railways cannot

settle this labor question properly unless they have the support of public opinion, and it is men like you that create that public opinion. It is a very serious problem when we consider the difficulties under which the railways are now laboring. Changing the railway service of the country from a ten to an eight-hour day is a very serious affair to contemplate, and, at the same time, give the public and the country generally what is absolutely necessary.

Railways Great Employers of Labor.

The railway is a great employer, as you know, and it wants to pay good wages. It wants to have a happy and contented lot of men, and it wants to safeguard their lives and do everything possible to make working conditions satisfactory.

On the other hand, the people that put their money into the railways of the country are entitled to their share. From 1900 to 1914, inclusive, the owners of these railways—the stockholders—received $4,408,139,092. During the same time the men who worked on these railways received $14,635,688,695; surely, these figures show the magnitude of the railways as employers of labor.

How are we to treat, and how are you to treat, this great problem? As I said, when I began, you are busy with your own trials and tribulations, but this is a great national problem which needs your thoughtful attention, because unless public opinion is aroused to the seriousness of this situation, the railways, instead of getting nearer to the place where they can carry all the freight and all the passengers in the country satisfactorily, will fall even far more behind than they now are.

Railways in Receivers' Hands.

The railways are at present somewhat out of adjustment. It is no doubt true that after a period of storm and stress we will get back, but we want to get back as quickly as possible, not solely in the interest of the man who happens to own railway securities, but so that these pieces of machinery can be improved and made stronger and better to do their work. Just think of it, from one

cause or another, there are to-day in the country nearly 41,988 miles of railway with a capitalization of $2,354,900,301 in the hands of receivers. This is one-sixth of all the railway mileage in the United States, and is more railway mileage than the total of any other country in the world, unless you combine European and Asiatic Russia. Now, that is not a healthy nor a wholesome condition. Apart from the loss that the owners of securities suffer, it is not a healthy nor a wholesome condition for the people who use the railways, and it must be improved.

We all remember the silver question. We know what a cloud it was, how business was depressed, and how near we came to going to smash in a number of directions, but we finally worked out of it. Yet it was a very serious working out. We all remember, more or less, how after the struggle ameliorating financial laws were passed and now, for the time being, money and credit are easier. Confronting us to-day is this great transportation problem which, in its way, is just as serious as was the silver question, as was the money question, and the situation is just as critical.

All this regulation, which has been working on your business and our business, has had the effect of reducing little by little the earning power of this great railway machine. The perfectly natural desire of men to get ahead has had the effect of constantly raising wages, which is the largest item of expense in our business. The taxing authorities, because of the complications of modern life, have been constantly increasing taxes, and what the great railways of the United States take in, and what they are obliged to pay out—those two figures have been drawing closer and closer together, so that new capital has not sought investment in this great business.

The figures show that from 1904 to 1914, the revenues from the operation of steam railways of the United States increased 183 per cent., a very handsome growth you will say, but, at the same time, the expenses of operating those railways increased during the same period 200 per cent. The number of employees on these railways increased during the same period 118 per cent., while the aggregate amount of money paid in the same period to the employees increased 213 per cent.

Now, if the railways of the United States had received the same average rates in the year 1914 that they received in the year 1904, their gross earnings would have been $160,000,000 more than they were. So, the gross railway revenues at the end of that ten-year period were $160,000,000 less, although billions had been put into the plant, and the wage cost had gone up a hundred million, and taxes—I haven't the figures right before me—but they have gone up something like 158 per cent.

It is obvious that we cannot go on indefinitely and add to this plant to produce the transportation you want, and the country must have, unless the lines between income and outgo diverge enough so that the people who have money will say, "We are willing to invest it in steam railways or electric railways," and thus add to the aggregate facilities of the country.

Railways' Position Critical.

Mr. Charles Francis Adams, who died a short time ago, wrote a very thoughtful letter to the President of the United States on October 24, 1914, on the critical position of the railways and, at the close, he said:

> "Whether, therefore, obtained through government action or through corporate management, directly or indirectly, the service required (that is the service required by the country to go on and grow) must be secured, and to be secured must be adequately remunerated. It may be, in this matter, the community will like to be cheated, or insist on somehow deceiving itself, meeting indirectly an outlay much larger than that from which it recoils when directly imposed."

That is, people do not like to think that their rates are being raised. You want your coal and steel brought in at the lowest price. Mr. Adams then goes on:

> "This, however, I submit, will be mere self-delusion; and the one party always most dangerous to deceive is one's self. Yet, the inclination thereto is politically well-nigh both universal and irresistible.
>
> "The conclusion to which I have now found myself forced is, therefore, manifest and inescapable. The railroad candle has, so to speak, for some time past, now been 'burned at both ends.' Expenses, especially for labor, equipment and construction, have increased and are still increasing; rates, meanwhile, have tended steadily to reduction. The calls for new development and improvements of a permanent character and most costly nature have been and now are imperative, incessant. From such a situation there is but one escape—if the community wishes safety and convenience, with a system of transportation equal to the demands and standard of the times, it must make up its mind to pay therefor; nor is the increased remuneration requisite in any respect inordinate. For eastern New England the improved service would more than justify the increase of cost. Moreover, we must have it."

Mr. Adams was right and spoke the truth. We have got to add millions to the New Haven plant and to the eastern railways, generally, if we are to have a free movement of business on the present level, and if we are to prepare for an increased volume, which many in the United States feel sure is to come. It is a very, very big task.

New Haven's Difficulties.

The New Haven Road, as I pointed out to you, has a difficult financial situation to meet. Because of its floating debt its credit is weakened. It is making all the improvements it can make. Every dollar it saves above its absolute expenses—taxes, and the interest on its securities, nothing for dividends—is going right back into the payment of its debts, or into improvements. But it is a slow process. We are having a trying winter, and we are congested, and our connections are congested; some railways are even worse off, although we are bad enough. It is to the selfish interest of every man who uses the railway, and who depends upon it for the success of his own business, to give its problems thoughtful consideration. If you can unload a car an hour quicker it helps. Do not indulge in petty complaints of matters that are bound to come up in a complicated situation like this, but lay your important complaints before the responsible officers of the company. By so doing you will save the time and attention of those who are burning the candle at both ends,

humanly speaking, in an effort to work out our problems. At best the situation is very serious, and it is especially serious because, for the time being at least, the country east of the Alleghany Mountains seems to have overwhelmed the ability of the railways to transact the business. Each morning we get a new notice from some railway connection of an embargo that no longer can freight be moved from such and such a point or delivered at such and such a point.

We hope and believe, if there are no more terrific storms such as we had on the 13th and again on the 26th of December, that our physical machine can overcome, in part, the difficulties under which we are now laboring. But it is a difficult matter. Men are only human. They can work only so many hours a day. Officers are only human. They can work only so many hours a day, and we must have a great deal of patience, forbearance and co-operation if this present difficult situation is to be cleared up so that your material can come to you and we can make, this coming season, improvements that perhaps will in the immediate future help the situation.

New Equipment.

The Directors of the Company have gone just as far as they can in authorizing improvements. We have $5,000,000 of new work on our books now authorized, and we are buying $3,000,000 worth of new equipment; a total of $8,000,000. We are making provision to try to pay for these improvements, and, of course, will pay for them, but the problem is large; it is difficult. It is not only the problem of the men and women who own the railway securities, and the man who works for the railway, and the man who is trying to manage the railway, but it is the problem of every man and woman who has a true, loyal interest in the United States and in the welfare of New England.

When your President asked me several months ago if I would come and speak to you, I said I would, because my only object in life in a business way is to try to do what I can to get this New England machine into a better condition, and I cannot do it alone. The management cannot do more than it is doing. It must have the thoughtful and sympathetic help of the community at large.

I thank you very much, gentlemen.

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